

2008-2009 PERFORMANCE PLAN – Sr. Investment Officer, Fixed Income (C. Ishii)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
45%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
25%	Total Fund Performance	Excess return deviation in basis points relative to: Total Fund Performance Benchmark. {SJ1CA1 – CPERST02}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (2%) High Quality LIBOR Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW3X – CPERLFFD} (1%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW9D – CPERLFFD} (1%) CalPERS Internally Managed Short Term – State Street STIF Net of Fees {SJ10 – Y8K2} (1%) CalPERS Inflation – Linked Bond Fund-Lehman Custom Inflation-Linked Bond Index {SWGN – CPERLTPI} 	0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5
5%	Internal Passive Currency Overlay Management	Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2}	-50 basis points = 0 -30 basis points = 1.0 -20 basis points = 1.5
5%	Active International Fixed Income Managers	Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers – CalPERS World Govt X US: {SJDCA1 – CALWGXU2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
85%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans’. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process <ul style="list-style-type: none"> ▪ By 12/1/08 begin the individual 360 feedback survey assessment process. ▪ By 2/1/09 identify one to two areas of personal development. ▪ By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> ▪ By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. ▪ By 12/31/08, participate in a cultural reinforcement session with the Investment Office. ▪ By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. ▪ By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> ▪ Serve on at least one external board or committee; or ▪ Conduct at least one presentation at conference or similar event; or ▪ Write an article. 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	